GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:2961
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CAPACITY UTILIZATION OF STEEL INDUSTRY
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Will the Minister of STEEL be pleased to state:

(a) the all India average capacity utilization of steel industry in India and the projected gap between the availability and demand for steel at the end of the Eighth Plan period;

(b) whether per capita consumption of steel in India is among the lowest in the world and far below the world average;

(c) if so, the details thereof and reasons therefor; and

(d) the factors inhibiting the growth of steel industry alongwith its expansion plans?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (DR. AKHILESH DAS)

(a) The all India average capacity utilization of steel industry in India during the Eight Plan Period (1992-93 to 1996-97) was 77.2 per cent. Data on production for sale and consumption of total finished steel (non-alloy and alloy) at the end of the Eight Plan period (i.e.1996-97) are as under:-

Year	Total Finished Steel (`000 tonnes)		
	Non-alloy	Alloy	Total
Production for Sale	25163	1161	26324
Consumption	22128	1166	23294

Source: JPC

(b)&(c): In 2006, India`s per capita consumption of steel was at 40.1 Kg whereas the world average was 184.5 Kg. The main reasons for low per capita consumption are:

(i) Low per capita income / purchasing power.
(ii) Low share of manufacturing / industrial sector in total GDP
(iii) Low intensity of steel usage in end-using sectors, especially construction activities.

(d) A large number of Greenfield/Brownfield capacity creation projects are in the pipeline. As per the latest estimates the steel production capacity in the country is expected to be 124.06 million tonnes by 2011-12.

The factors inhibiting the growth of steel industry are as below:

(i) Delays in acquisition of requisite land.
(ii) Delays in allocation of iron ore and coal mines.
(iii) Difficulty in procuring equipments in time because of capacity constraints for the equipment manufacturers.
(iv) Infrastructural bottlenecks in and around the proposed sites
(v) Shortage of skilled manpower.